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REMARKS

Responding to the Claim Objections (page 2), claims 1, 15 and 18 have been amended as requested. These amendments are matters of form and do not narrow the claims.

The rejection of claims 1-7 under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent No. 6,035,286) in view of the article, "Dow Dogs Will Have Their Day..." ("Dow Dogs") is respectfully traversed. On page 3 of the Office Action, the Examiner states:

Fried does not expressly disclose ranking the securities according to collected dividend yields as well as collected buy back ratios, but "Dow Dogs" teaches ranking securities by dividend yield. Also, "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends... Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined criteria comprise a predetermined relationship between dividend yields and buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

This statement by the Examiner is respectfully traversed. Selecting criteria for buying stocks is generally acknowledged to be extremely difficult. A lot of ink has been devoted to the subject, and no one seems to have the answers. John C. Bogle, founder

of the Vanguard Funds, reports that in 1978, just 17 percent of money management professionals had outpaced the Standard & Poor's 500 Index during the previous decade. By 1999, the Standard & Poor's 500 Index had outpaced 96 percent of all actively managed equity funds (Bogle: *Common Sense on Mutual Funds* (John Wiley & Sons, Inc. 1999), pp. 109-110). According to Bogle, Charles Ellis wrote, in *The Loser's Game*, that the premise that professional managers can beat the market appeared to be false. *Id.* at 145. It is difficult to imagine a subject more unobvious than selecting criteria for buying stocks.

The Examiner acknowledges that Fried does not teach or suggest the criteria of claim 1, namely, ranking at least some of the available securities according to predetermined criteria comprising a predetermined relationship between dividend yield and buyback ratios. In the context of an art as difficult as selecting criteria for buying stocks, both Fried and Dow Dogs teach away from the invention. Fried teaches selecting stocks by the combination of buyback ratio and either price/sales ratio or price/earnings ratio (Col. 3, lines 46-48). Price yield – dividends is mentioned in Col. 4, line 24 (along with several other possible criteria), but only in the context of identifying a buyback subset of stocks to which the price/sales ratio or price/earnings ratio is applied. Thus, someone experienced in the art would be led away from using dividend yields in combination with buyback ratio as a criteria for buying stocks. Dog Days teaches selecting stocks by using only dividend yield. Thus, someone experienced in the art would be led away from using dividend yields in combination with buyback ratio as a criteria for buying stocks.

MPEP § 2142 states:

To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure.

Fried and Dogs Days fail to make the teachings and suggestions necessary for at least the first two of the basic criteria described in the MPEP. Regarding the first criteria, there is no suggestion or motivation to combine the references. The Examiner states that there would be an "obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question." The Examiner does not state what the advantage would be. There is no suggestion or motivation in the references for the combination of buyback ratio and dividend yields for the purpose of selecting securities as claimed. Moreover, forming a group of securities based on buyback ratios and dividend yields would not reflect the ratios of paid-out earnings to stock prices as the Examiner states. Rather, it would reflect a group of stocks ranked according to a predetermined criteria comprising a predetermined relationship between dividend yields and buyback ratios.

Regarding the second criteria, there is no reasonable expectation of success based on the teachings of the references. If as Bogle states, the vast majority of professional managers cannot beat the market, there is nothing in the references to suggest that the claimed investment strategy would succeed where so many other strategies had failed.

For the foregoing reasons, claim 1 is allowable.

Claim 2 is dependent on claim 1 and is allowable for the same reasons as claim

1.

Regarding claim 3, the Examiner states on page 4 of the Office Action:

Fried does not disclose that said predetermined relationship comprises the sum of said collected dividend yields and said collected buyback ratios, but "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends ... Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined relationship comprise the sum of dividend yields and buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

Claim 3 depends on claim 1 and is allowable for the same reasons as claim 1. In addition, neither Fried nor Dow Dogs has any suggestion or motivation for using a sum of dividend yield and buyback ratios as claimed. There is nothing in the references to suggest that such a sum would succeed, and the combined references do not teach using the sum of dividend yield and buyback ratios as claimed. Thus, none of the three criteria set forth in MPEP § 2142 is met by the references. For all these reasons, claim 3 is allowable.

Claims 4-7 are depend on claim 1 and are allowable for the same reasons as claim 1.

Regarding claim 4, the undersigned has been unable to find anything in Col. 4, lines 6-14 of Fried that teaches or suggests that criteria can consist of only the buyback ratio. As previously explained, Fried teaches selecting stocks by the combination of buyback ratio and either price/sales ratio or price/earnings ratio (Col. 3, lines 46-48). Thus, the applicant traverses the rejection of claim 4, and claim 4 is allowable.

The rejections of claims 8-10 under 35 U.S.C. 103(a) as being unpatentable over the cited references is respectfully traversed. Claims 8-10 are dependent on claim 1 and are allowable for the same reasons as claim 1.

The rejection of claim 11 under 35 U.S.C. 103(a) as being unpatentable over the cited references and official notice is respectfully traversed. The Examiner takes official notice that pooled investment vehicles are well known. The applicant respectfully traverses this official notice. There is no known teaching in the art that pooled investment vehicles have been used in the field of the invention as claimed in claim 11 at the time of the invention. The Examiner's prior art search apparently failed to uncover any such reference. As a result, the applicant respectfully requests that the Examiner provide a reference in support of the assertion of official notice pursuant to MPEP §2144.03. Claim 11 is dependent on claim 1 and is allowable for the same reasons as claim 1.

The rejection of claim 12 under 35 U.S.C. 103(a) as being unpatentable over the cited references is respectfully traversed. Claim 12 is dependent on claim 1 and is allowable for the same reasons as claim 1.

The rejection of claim 13 under 35 U.S.C. 103(a) as being unpatentable over the cited references and official notice is respectfully traversed. The Examiner takes official notice that it is well know to create investment accounts comprising securities. The applicant respectfully traverses this official notice. There is no known teaching in the art that investment accounts have been used in the field of the invention as claimed in claim 13 at the time of the invention. The Examiner's prior art search apparently failed to uncover any such reference. As a result, the applicant respectfully requests that the

Examiner provide a reference in support of the assertion of official notice pursuant to MPEP §2144.03. In addition, claim 13 is dependent on claim 1 and is allowable for the same reasons as claim 1.

The rejection of claim 14 under 35 U.S.C. 103(a) as being unpatentable over the cited references and official notice is respectfully traversed. The Examiner takes official notice that it is well known to use computer-readable media bearing computer programs containing instruction steps such that upon installation of an appropriate computer program in a general purpose computer, the computer becomes capable of performing the instruction steps. The applicant respectfully traverses this official notice. There is no known teaching in the art that such computer-readable medium have been used in the field of the invention as claimed in claim 14 at the time of the invention. The Examiner's prior art search apparently failed to uncover any such reference. The Examiner concedes that Fried has no such teaching. As a result, the applicant respectfully requests that the Examiner provide a reference in support of the assertion of official notice pursuant to MPEP §2144.03. In addition, claim 14 is dependent on claim 1 and is allowable for the same reasons as claim 1.

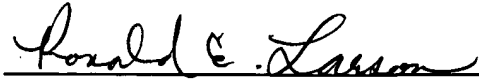
The rejection of claims 15-20 under 35 U.S.C. 103(a) as being unpatentable over the cited references is respectfully traversed. Claim 15 is an apparatus claim analogous to claim 1 and is allowable for the same reasons as claim 1.

Claims 16-20 are dependent on claim 15 and are allowable for the same reasons as claim 15. In addition, claim 17 is analogous to claim 3 and is allowable for the same reasons as claim 3.

In summary, claims 1-20 are in condition for allowance, and such action is respectfully requested.

Date: October 9, 2003

Respectfully submitted,

A handwritten signature in cursive script, reading "Ronald E. Larson", is written over a horizontal line. A checkmark is visible to the right of the signature.

Ronald E. Larson

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